

REMARKS

The applicants respond as follows to the Final Official Action mailed on 6 October 2003.

5 Claims 172-272 are pending as drawn to the constructively elected invention, and claims 220-272 have been withdrawn from consideration as not being drawn to the constructively elected invention.

Paragraph 4 objected to claims 198, 202, and 212 because of informalities appearing in these claims. In response, the applicants have corrected these informalities as suggested in the Action, and accordingly request reconsideration and withdrawal of the
10 objections lodged against these claims.

Paragraph 5 rejected claims 172-183, 195, 200-207, 212-214, and 219 as being unpatentable over Walker '458 (hereafter "Walker") in view of Kenney. In response, the applicants submit several independent and alternative arguments that this rejection should be reconsidered and withdrawn.

15 1. *The rejection of claims 172-183, 195, 200-207, 212-214, and 219 fails to state a prima facie case of obviousness because Walker and Kenney, even if properly combined under § 103, fail to teach or suggest all features recited in the applicants' independent claims.*

MPEP § 2143.03, entitled "All Claim Limitations Must Be Taught or Suggested",
20 states:

"To establish prima facie obviousness of a claimed invention, *all the claim limitations* must be taught or suggested by the prior art. In re Royka, 490 F.2d 981, 180 USPQ 580 (CCPA 1974). "All words in a claim must be considered in judging the patentability of that claim against the prior art." In re Wilson, 424 F.2d 1382, 1385, 165 USPQ 494, 496
25 (CCPA 1970). If an independent claim is nonobvious under 35 U.S.C. 103, then any claim depending therefrom is nonobvious. In re Fine, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988)." (emphasis added)

A. *Walker neither discloses nor suggests the capture or analysis of primary transaction data that includes the purpose for which the primary
30 transaction is conducted.*

The applicants respectfully submit that Walker and Kenney fail to teach or suggest at least the following features recited in claim 172:

“obtaining primary transaction data ... including ... *the purpose of the primary transaction*”,
as recited in the second sub-paragraph thereof, or

5 “utilizing at least in part the primary transaction data including *the purpose of the primary transaction...*”,

as recited in the fourth sub-paragraph thereof.

As noted in the Official Action under Paragraph 3, while every purchaser may inherently or implicitly have some subjective reason or purpose for conducting a given
10 transaction, that observation alone is far from sufficient to teach or suggest the features emphasized in the claim language above. The applicants respectfully submit that Walker neither teaches nor suggests obtaining primary transaction data that includes the purpose for which the primary transaction was conducted. Further, Walker neither teaches nor suggests utilizing primary transaction data that includes the purpose for which the
15 primary transaction was conducted to determine the upsell item for offer to the user.

Turning to Walker in more detail, Walker provides a central controller operating, for example, for a credit card account issuer that regularly receives certain information relating to account transactions, and periodically generates account billing statements, and then in turn using those account billing statements to provide supplementary product
20 sales. See, e.g., Walker Abstract and Walker, column 1, lines 5-10. Walker’s Figure 3 illustrates various upsell conditions 44, which appear to be the various criteria that Walker examines to determine an upsell offer, and further discusses these upsell conditions at at least the following portions of the written description:

column 2, line 59-60: “The offered product is determined from previous
25 purchases that are recorded on the billing statement ...”;

column 4, line 55 through column 5, line 7, and in column 7, lines 31 through 44, providing further examples of “upsell offer conditions”, more particularly:

column 4, lines 44-56; column 7, lines 35-36: “... purchase of a predefined product ...”;

column 4, lines 60-61; column 7, lines 37-38: "... purchase price is for more than a predefined price ...";

column 4, lines 61-62; column 7, lines 38-39: "... purchase is for a price within a predefined price range ...";

5 column 4, line 63; column 7, line 40: "... a predefined number of purchases have been made ...";

column 4, lines 64-65; column 7, line 41-43: "... a predetermined merchant has not been visited by the account holder ...",

10 column 5, lines 1-2: "... a predetermined type of merchant has been visited by the account holder ..."

column 7, line 44: "... any combination thereof."

In light of these express teachings by Walker, these various examples of "upsell offer conditions" **do not disclose** considering the purposes for which the account holder conducted the various transactions appearing on the billing statement, and then using
15 those purposes to determine an upsell transaction to offer on the billing statement, as recited in the language quoted above from claim 172. However, Walker also fails to suggest consideration of such purposes in formulating the supplemental transactions appearing on the billing statement. Referring specifically to the upsell conditions 44 shown in Walker's Figure 3 and the related discussion cited above, one characteristic
20 common to all of these upsell conditions is that the factors necessary to evaluate these upsell conditions were available to and routinely processed by credit card account issuers independently of Walker's **disclosed** invention. These factors include, for example, item numbers, purchase prices for specific items, merchant identifiers, or dates of transactions. Thus, Walker capitalizes on conventional data already received and processed by credit
25 card account issuers. Walker provides no evidence that credit card account issuers would have any interest in the purposes underlying a given buyer's participation in a given transaction, or would have any reason to capture or process such data. Thus, Walker fails to suggest to those skilled in the art the desirability of modifying a credit card issuer's operations to assume the additional burden of receiving and processing such data in

addition to the conventional transaction data it already processes. The only suggestion for obtaining and processing such data comes from the applicants' own specification.

Therefore, on at least this basis, the applicants respectfully submit that the § 103 rejection of claims 172-183, 195, 200-207, 212-214, and 219 based on Walker and
5 Kenney should be reconsidered and withdrawn because the cited art fails to teach or suggest every feature recited in the rejected claims.

B. Walker neither teaches nor suggests offers of an upsell item in lieu of the first good or service.

Secondly, as to pending claim 172, and all claims depending therefrom, the
10 applicants respectfully submit that Walker fails to teach or suggest:

“offering the item to the prospective customer *in lieu of the first good or service*”,
as recited in the fifth sub-paragraph of claim 172.

The paragraph bridging pages 5 and 6 of the Official Action asserts that Walker discloses an upsell transaction that is a replacement transaction for the good purchased or
15 to be purchased in the primary transaction, and that Walker discloses offering the upsell transaction in lieu of the first good or service. This paragraph of the Official Action cites several examples from Walker of “upsell” items that are “complementary” or “related to” previously-purchased products. For example, one of the examples includes warranty coverage for a previously-purchased television set. However, in this example from
20 Walker, the warranty is offered in addition to the previously-purchased television set, not in lieu of the television set, as recited in claim 172. The applicants respectfully submit that none of the examples from Walker cited on page 6 of the Action teach or suggest offering upsell items in lieu of the first good or service.

Aside from the Walker examples cited in the Action, the applicants submit that
25 Walker **discloses** additional examples that are “complementary” or “supplementary” to the products involved in the first transaction, but that Walker **neither teaches nor suggests** “replacement” or “substitute” products offered truly in lieu of the first good or service. Turning to Walker in more detail, it compares the first transaction to the “upsell” item in at least the following places:

Column 1, line 9: "... supplementary product sales.";

Column 1, line 55: "... additional sales.";

Column 2, lines 57-58: "... products complementary to previously-purchased products...";

5 Column 3, line 1: "... complementary product ...";

Column 3, line 8: "... complementary product ..."; and

Column 3, line 58: "... additional product ...".

In light of Walker's express teachings, the applicants must respectfully traverse the assertion in the Official Action that Walker discloses upsells offered in lieu of the first
10 good or service because neither complementary, supplementary, nor additional products as taught by Walker teach or suggest an upsell item that is offered in lieu of or as a replacement to the primary good or service, as recited in the applicants' claim 172. Further, while Walker recites in column 9, lines 35-42 the typical boilerplate language regarding various other embodiments of the invention, this rote recitation is not sufficient
15 to contradict Walker's express teachings or to extend those express teachings to meet applicants' claimed invention.

In light of the foregoing discussion, the applicants submit that the rejections of claims 172-183, 195, 200-207, 212-214, and 219 under § 103(a) fail to state a *prima facie* case of obviousness because the cited portions of Walker and Kenney fail to teach or
20 suggest all features recited in independent claim 172, as required by the MPEP. On at least this independent basis, the applicants request reconsideration and withdrawal of the § 103 rejections of these claims.

2. *The rejection of claims 172-183, 195, 200-207, 212-214, and 219 fails to state a prima facie case of obviousness under § 103(a) because Walker teaches away from*
25 *applicant's claimed invention as recited in claim 172.*

The United States Supreme Court long ago recognized that where the claimed invention proceeds contrary to the teachings of the prior art, the prior art is said to "teach away" from the claimed invention, and that this is strong evidence of non-obviousness of the claimed invention. *U.S. v. Adams*, 383 U.S. 39, 148 USPQ 479 (1966). In later

cases, the Court of Appeals for the Federal Circuit has stated that in short, teaching away is the antitheses of the art suggesting that the person of ordinary skill go in the claimed direction. *In re Fine*, 873 F.2d 1071, 5 USPQ 2d 1596 (Fed. Cir. 1988). The Federal Circuit has gone even further to hold that where the prior art teaches away from the
5 claimed invention, no prima facie case of obviousness exists. *In re Hedges*, 783 F.2d 1038, 228 USPQ 685 (Fed. Cir. 1986), and *In re Nielson*, 816 F.2d 1567, 2 USPQ 2d 1525 (Fed. Cir. 1987).

The applicants respectfully submit that Walker teaches away from the invention as recited in claim 172, and all claims depending therefrom, because Walker
10 contemplates offers for products that are offered as supplements, complements, or additions to a first transaction that has already been fully completed or consummated, while applicants' claim 172 recites an upsell transaction that is offered in lieu of the primary transaction. In contrast to the applicants' claimed invention, Walker's first transaction for first goods or services is fully consummated, rather than being supplanted
15 in favor of a replacement transaction, as recited in claim 172. Walker uses the actual credit card charge data resulting from the consummated first transaction to determine a possible additional product offer, as shown by Walker's examples of "upsell offer conditions" discussed above. See, e.g., Figure 7 of Walker and related discussion in the Walker specification. In Walker, the only reason this charge data exists (see transaction
20 record 60) is because the base transaction has already been consummated when the potential additional product offers (see upsell record 30) are determined. Walker teaches a consummated first transaction, while the applicants claim a non-consummated first transaction.

Examples of additional items offered by Walker's system include incentives or
25 discounts towards a future purchase, e.g. a "discounts on predetermined products" (Walker, column 2, line 11), or on a companion product, e.g., "products complementary to previously purchase [sic] products" (Walker, column 2, line 12-13). However, none of these examples teach or suggest upsell items that are offered in lieu of the primary or base transaction, as recited by claim 172. On at least this basis, the applicants
30 respectfully submit that the § 103 rejection of claims 172, and all claims depending therefrom, based on Walker and Kenney fails to state a *prima facie* case of obviousness

under § 103(a), and should be reconsidered and withdrawn because Walker teaches away from the claimed subject matter.

3. *The rejection of claim 195 fails to state a prima facie case of obviousness because Walker and Kenney are not properly combined under § 103(a) to render claim 195 obvious.*

Claim 195 is reproduced here for convenience, with pertinent portions emphasized:

195. (previously presented) The method of claim 172 wherein offering the item to the prospective customer includes offering the item to the prospective customer *in real time* with the primary transaction.

MPEP § 2143 states the basis requirements for a prima facie case of obviousness under § 103(a) as follows:

“To establish a prima facie case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there must be a reasonable expectation of success. Finally, the prior art reference (or references when combined) must teach or suggest all the claim limitations.

The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, not in applicant's disclosure. *In re Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991).”

This section of the MPEP further describes situations where the proposed modification or combination would change the principle of operation of the prior art references as follows:

“THE PROPOSED MODIFICATION CANNOT CHANGE THE PRINCIPLE OF OPERATION OF A REFERENCE

If the proposed modification or combination of the prior art would change the principle of operation of the prior art invention being modified, then the teachings of the references are not sufficient to render the claims prima facie obvious. *In re Ratti*, 270 F.2d 810, 123 USPQ 349 (CCPA 1959) (Claims were directed to an oil seal comprising a bore engaging portion with outwardly biased resilient spring fingers inserted in a resilient sealing member. The primary reference relied upon in a rejection based on a combination of

references disclosed an oil seal wherein the bore engaging portion was reinforced by a cylindrical sheet metal casing. Patentee taught the device required rigidity for operation, whereas the claimed invention required resiliency. The court reversed the rejection holding the "suggested combination of references would require a substantial reconstruction and redesign of the elements shown in [the primary reference] as well as a change in the basic principle under which the [primary reference] construction was designed to operate." 270 F.2d at 813, 123 USPQ at 352.)."

The applicants respectfully submit that under these principles, when applied to the rejection of claim 195 over Walker combined with Kenney, establish that Walker cannot properly be combined with Kenney, and thus the rejection of claim 195 fails to state a *prima facie* case of obviousness under § 103(a).

Claim 195 recites that the upsell item is offered to the prospective customer in real time with the primary transaction. On page 8, the Official Action states that Walker does not disclose offering the item real time with the primary transaction. The applicants agree with this assessment, but further submit that Walker provides no incentive, motivation, or suggestion to those skilled in the art to look to Kenney or anywhere else to modify Walker to provide a real-time system, and further submit that so modifying Walker constitutes a change in Walker's principle of operation that is impermissible under the MPEP provisions set forth above.

Walker teaches that the upsell is generated and offered to the account holder via the account statement well after completion of the base transaction. Depending on the timing of the base transaction relative to account billing cycles, the upsell item could be offered to the account holder as long as thirty days after the primary transaction, or more. As Walker states: "During that period of time, the account holder may have reconsidered those purchases and realized that a complementary product should have been purchased as well." (Walker, column 3, lines 4-9). Further, Walker **does not disclose or suggest** means for communicating with the account holder at the time that the account holder is conducting the primary transaction, or in real time with the primary transaction, as recited in claim 195. While Walker mentions an "electronic bill" in column 7, lines 50-52, it appears that, read in the context of Walker's overall teaching, such an electronic bill would still be presented to the account holder well after the primary transaction. In

contrast to a paper statement, the electronic bill would be displayed by a “computer, terminal, or similar device.” Thus, this mention of an “electronic bill” does not provide the teaching or suggestion necessary to meet the applicants’ claim 195.

Furthermore, the applicants respectfully submit that Walker, read fairly as a whole, does not disclose or suggest the desirability of a real time upsell offer, as recited in claim 195. On the contrary, Walker’s fundamental principle of operation includes a substantial delay (possibly a full account filling cycle) between conducting the primary transactions that are listed on the statement and the offer of upsell items offered in connection with that statement. Walker goes even further to state that, in some circumstances, this delay may be beneficial in that it may enhance the probability of the user accepting the upsell item, for example, where the user purchases an appliance and thereafter is offered a service plan or warranty, or where the user realizes after passage of some time that he/she needs certain accessories to accompany the purchased item. Thus, the applicants submit that Walker provides no incentive, suggestion, or motivation to modify it in view of Kenney to offer real-time upsells, that modifying Walker as suggested in the Official Action would effect a change in Walker’s principle of operation, and that Walker expressly teaches away or discourages modifying it to create such a real time system. On at least any one of these bases, the applicants respectfully submit that the § 103(a) rejection of claim 195 improperly modifies Walker and/or improperly combines Walker and Kenney, and thus fails to state a *prima facie* case of obviousness under § 103(a). The applicants thus request reconsideration and withdrawal of the § 103(a) rejection of at least claim 195.

4. *Walker and Kenney provide no incentive or motivation to combine their teachings as stated in the rejections of claims 179, 181, and 184-188.*

The applicants respectfully submit that the § 103(a) rejection of claims 179, 181, and 184-188 as unpatentable over Walker in view of Kenney fails to state a *prima facie* case of obviousness because Walker and Kenney provide no incentive or motivation under § 103(a) to combine their teachings.

Read fairly as a whole, Walker **discloses** a central controller deployed by an entity that generates billing statements, such as a credit card issuer. See, e.g., Abstract of

Walker. In this context, the main items of interest for listing on such billing statements would be items such as completed purchase transactions and payments previously made by the account holder. The applicants thus agree with the assessments on pages 7 and 11 of the Official Action that Walker and Kenney **do not disclose** primary transactions that
5 are not consummated or that are conducted for purposes such as inventory checks or status, order fulfillment, or informational inquiries, which purposes are recited in the various rejected claims. However, the applicants further respectfully submit that Walker provides no incentive or motivation to extend its concept of “primary transactions” in view of Kenney, or any other art, to include such inventory checks, status inquiries, or
10 order fulfillment inquiries as proposed in the Action.

Extending Walker’s “primary transactions” as proposed in the Action would essentially produce a system that would require the entity that generates billing statements (such as the credit card issuer taught by Walker) to store, access, and/or analyze data regarding such checks or inquiries, which data can be quite voluminous and
15 impose significant storage burdens on this entity. Further, extending Walker’s teachings to include primary transactions such as these checks and inquiries from account holders would result in billing statements that list such checks and inquiries. As taught by Walker and as noted above, the “primary transactions” of interest to the account holders and merchants are completed, consummated purchase transactions involving actual
20 pecuniary value for which the account holder is billed, as well as payments tendered by the account holder. If Walker’s “primary transactions” are extended to include such checks and inquiries, and these checks and inquiries are reported on the account statements like Walker’s other “primary transactions” this would only burden the account holders and merchants with additional superfluous information in exchange for little if
25 any corresponding benefit to those parties.

Moreover, to generate upsells based on such checks and inquiries, or to list such matters on the account statements, as primary transactions are processed by Walker, the merchant would have to report these matters to the billing entity that generates the account statements. Further, the billing entity would have to store, sort, and organize this
30 data to generate upsells therefrom. Regardless of whether these matters are printed on the account statements, reporting such matters in the context of Walker would offer little,

if any, financial benefit to the issuer that would offset the burden of tracking and reporting such matters, and listing such matters on the account holder's statement would merely distract or irritate the account holder when reviewing his or her account statement. Thus, Walker as taught provides no incentive, motivation, or suggestion combine their
5 teaching with the Official Notice, or anywhere else, to list primary transactions taking any of the forms claimed by applicants in claims 184-188 on the Walker account statements.

As a further disadvantage to the proposed modification of Walker, Walker as so modified might possibly offer the types of "complementary" or "additional" upsell items
10 discussed above when the account holder may have just inquired about, but not actually purchased, the primary item. Thus, without being augmenting with additional logic, Walker modified as proposed in the Action might offer the account holder a warranty for a television set that the account holder never actually purchased. For at least these reasons, those skilled in the art would immediately recognize the shortcomings of such a
15 system, and thus would have no incentive to modify Walker as proposed. The incentive to modify Walker as proposed in the Official Action comes only from the applicant's specification. Accordingly, the applicants respectfully submit that the rejections of claims 184-188, 179, and 181 fail to state *prima facie* cases of obviousness under § 103(a), and request reconsideration and withdrawal of these rejections of these claims.

20 5. *Traversal of Official Notice taken as to certain claims.*

Paragraph 6 of the Official Action took Official Notice of certain aspects of the invention as recited in claims 184-194 and 208-211. The applicants respectfully traverse the Official Notice taken with respect to those claims for the reasons set forth below.

MPEP § 2144.03 governs the taking of Official Notice, and 2144.03(E)
25 summarizes the applicable standard as follows:

Any rejection based on assertions that a fact is well-known or is common knowledge in the art without documentary evidence to support the examiner's conclusion should be judiciously applied. Furthermore, as noted by the court in *Ahlert*, any facts so noticed should be of notorious character and serve only to "fill in the gaps" in an insubstantial
30 manner which might exist in the evidentiary showing made by the examiner to support a particular ground for rejection. It is never appropriate to rely solely on common

knowledge in the art without evidentiary support in the record as the principal evidence upon which a rejection was based. See *Zurko*, 258 F.3d at 1386, 59 USPQ2d at 1697; *Ahlert*, 424 F.2d at 1092, 165 USPQ 421.

Regarding claims 184-188, the Action took Official Notice of the concepts of seeking an inventory check, a status/order fulfillment inquiry, a comparison shopping inquiry, and/or a credit check. The applicants agree with the assessment that Walker/Kenney do not teach this subject matter. However, as discussed above, the applicants do not believe that Walker provides any incentive to those skilled in the art to look to Kenney, to any other art, or to the Official Notice to expand its teachings to the subject matter of which Official Notice was taken. As noted above, Walker teaches a system deployed, for example, by a credit card issuer, and for the reasons stated above, a credit card issuer would have little incentive to track and process the types of checks and inquiries recited in the subject claims. Instead, Walker capitalizes on data already captured and processed by conventional credit card issuers. Given the differences between the teachings of Walker, Kenney, and the subject matter of the Official Notice, the applicants respectfully submit that the Official Notice taken as to these claims is not the type of insubstantial "gap filling" permitted under MPEP § 2144.03, and thus request that the Office cite documentary evidence to support the use of Official Notice to reject claims 184-188.

Regarding claims 189-194, Official Notice was taken of the use of time as a factor in determining the goods/services to be offered. The applicants agree with the assessment that Walker does not disclose utilizing time as a factor in determining offers. However, given the difference between the type of upsell offer conditions taught by Walker and the subject matter of which Official Notice is taken, the applicants respectfully submit that the Official Notice taken as to these claims is not the type of insubstantial "gap filling" permitted under MPEP § 2144.03, and thus request that the Office cite documentary evidence to support the use of Official Notice to reject claims 189-194.

Regarding claims 208-211, the Action took Official Notice of the customer pre-registering or registering to use the system, or answering survey questions or the like, with the customer inputting pertinent data during such registrations or surveys. The

applicants agree with the assessment that Walker/Kenney does not disclose the subject matter of which Official Notice was taken. However, given the difference between the type of input data taught by Walker/Kenney and the subject matter of which Official Notice is taken, the applicants respectfully submit that the Official Notice taken as to these claims is not the type of insubstantial "gap filling" permitted under MPEP § 2144.03, and thus request that the Office cite documentary evidence to support the use of Official Notice to reject claims 208-211.

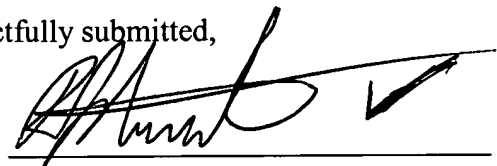
6. *Conclusion*

Favorable action is requested at the Office's earliest convenience. If discussion of this application would advance prosecution of this application, the Office is requested to contact the undersigned at the telephone number listed below. If the Office does not believe that these comments place this application in better condition for allowance, the Office is requested to contact the undersigned to arrange a telephonic interview.

Respectfully submitted,

Dated: 5 DEC 03

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